FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
October 22, 2010
Information Items

COMMUNICATIONS

Information

I. COMMUNICATIONS

A. Corporate Marketing and Outreach

1. <u>Background/Present Situation</u>

a) Communications continues to work with Hardest-Hit Fund (HHF) staff to plan the launch the pilot HHF program in Lee County in mid-October.

b) First announced on February 19 by the U.S. Department of the Treasury, the Hardest-Hit Fund was established to provide federal funding to states hardest hit by the aftermath of the burst of the housing bubble. This funding is to be used to provide meaningful financial support to troubled homeowners to help them avoid foreclosure on their homes. To date, Florida's Hardest-Hit funding includes $418 million from the first announcement and $238.8 million from the second announcement. On Wednesday, September 29, Treasury announced that Florida would receive an additional $400 million from this fund. This brings Florida's total funding from HHF to more than $1 billion dollars.

c) Since that time, the Communications Office has continued to field reporter, consumer, provider and stakeholder calls at a steady pace. Communications is logging all consumer calls, tracking the date of initial call, county and gender of callers, and their contact information.

d) Communications and IT staff are also working together to implement the call center and website www.FLHardestHitHelp.org –the portal through which applications for assistance will be taken.

e) In addition, Communications staff maintains contact with U.S. Treasury officials and National Council of State Housing Agencies (NCSHA) representatives to ensure Florida Housing remains in compliance with guidelines for all communications efforts, while also staying apprised on how other states are handling public relations issues surrounding this initiative. Most recently, Communications staff has spoken with housing finance agencies in North Carolina and Ohio.

f) Communications staff participated as an exhibitor in the 2010 Florida Housing Coalition annual conference in Orlando in September, and is currently working on the online editions of *What's Developing* and the *Communicator* newsletters for this quarter.

FISCAL

Information

II. FISCAL

A. Operating Budget Analysis for August 2010

a) The Financial Analysis for August 31, 2010, is attached as Exhibit A.

b) The Operating Budget for the period ending August 31, 2010, is attached as Exhibit B.

III. GUARANTEE PROGRAM

A. Status of Defaults within the Guarantee Program Portfolio

1. Background/Present Situation

a) In November 1994, the Guarantee Program entered into an agreement with HUD to participate in the Risk-Sharing Program; characterized by a 50/50 sharing of default risk in connection with the mortgage guarantee. Since then, the Guarantee Program alone and/or in conjunction with HUD has guaranteed 120 transactions, facilitating the construction of over 28,000 housing units in Florida. Of the 91 multifamily developments in the Guarantee Program portfolio today, 58 are Risk-Sharing transactions.

b) As of September 29, 2010, there were six (6) developments in the portfolio in monetary default due to the borrower's failure to make timely payments on the note. All but one represents Risk-Sharing transactions, as outlined below:

Development	Location	Closing Date	Total units	Mtg. bal.	Risk-share	Gen Ptr	Ltd Ptr	Status
Leigh Meadows	Jacksonville	9/26/1996	304	9,340,844	Yes	Vestcor Development	Wachovia	Past due: 9/1/10 pmt
Venetian Isles I	Lake Park	2/28/2002	288	17,805,580	Yes	Shelter Corp / Community Housing Corp	MMA	Past due: 9/15/10 pmt
Venetian Isles II	Lake Park	8/6/2002	112	7,885,960	Yes	Shelter Corp / Community Housing Corp	MMA	Past due: 9/15/10 pmt
Grand Pointe	Orlando	11/21/2000	276	11,876,840	Yes	Shelter Corp / Community Housing Corp	Wachovia	Past due: 8/1/10 & 9/1/10 pmts
Venice Homes	Ft. Lauderdale	6/14/2001	150	9,711,137	No	Shelter Corp / Community Housing Corp	MMA	Past due: 8/15/10 & 9/15/10 pmts
Chapel Trace	Orlando	1/29/2003	312	15,507,192	Yes	Shelter Corp / Community Housing Corp	Wachovia	Past due: 8/15/10 & 9/15/10 pmts

c) The owner/borrower for Leigh Meadows has been approved for funding under the subordinate mortgage initiative (SMI), but they have not yet proceeded with closing the transaction due to their inability to obtain investor approval citing insufficiency of SMI funding.

d) Venetian Isles I & II and Grand Pointe have received funding under the subordinate mortgage initiative (SMI). However, the monetary defaults must be cured to receive additional funding.

e) Since November 2008, there have been eight (8) claims filed on the Guarantee Program, representing the total (and only) multifamily claims incurred in its 16-year history. The chart in Exhibit A reflects the developments that have been foreclosed or are in the process of foreclosure, as of September 29, 2010, listed in order; first claim to most recent.

B. Guarantee Program Capacity (**Exhibit B**)

IV. LEGAL

A. In Re: MCPI, Ltd. – First DCA Case No. 1D10-1134; FHFC Case No. 2009-061UC

Development Name: (“Development”):	**Model City Plaza**
Developer/Principal: (“Developer”):	**MCP I, Ltd.**
Number of Units: 100	**Location: Miami-Dade County**
Type: Garden Apartments	**Set Aside: 10% @ 33% AMI 90% @ 60% AMI**
Demographics: Family	**HC: $2,541,000**

1. <u>Background</u>

a) MCP I, Ltd. (“Model City”) timely submitted an Application in the 2009 Universal Cycle, seeking an allocation of $2,541,000 in low income housing tax credits to help fund a proposed 100 unit development to be located in Miami-Dade County, Florida.

b) On December 2, 2009, Florida Housing notified all applicants of its score, provided all applicants with a Notice of Rights pursuant to Sections 120.569 and 120.57, Florida Statutes, and an Election of Rights form. Florida Housing awarded ½ of an Ability to Proceed Tie Breaker point to Model City, as Model City was required to cure a site plan approval form.

c) On or about December 17, 2009, Model City timely filed a Petition for Informal Administrative Hearing, alleging that Florida Housing erred in the scoring of its application, asserting that Model City was entitled to full Ability to Proceed Tie Breaker Measurement Points.

d) The informal hearing in this case was held on January 14, 2009. On February 2, 2009, the Hearing Officer filed his Recommended Order, which found that Florida Housing’s scoring was correct and that Model City was entitled to ½ of an Ability to Proceed Tie-Breaker Measurement point regarding its cure of its site plan approval form.

e) On February 8, 2010, Model City filed a written argument in opposition to the Recommended Order, pursuant to Rule 67-48.005(3), Fla. Admin. Code, captioned, “Petitioners Exceptions to Recommended Order.” On February 12, 2010, Florida Housing filed its written argument in response (Response to Exceptions).

f) On February 26, 2010, the Board entered a Final Order rejecting the Written Argument submitted by Model City in opposition to the Recommended Order, and adopting the Findings of Fact, Conclusions of Law and Recommendation of the Recommended Order, and dismissing Model City’s petition.

2. <u>Present Situation</u>

a) On March 5, 2010, Model City filed a Notice of Appeal with the First District court of Appeal. On May 14, 2010, Model City moved the Court to abate the appeal proceedings. On May 20, 2010, the Court issued an order placing the case in abeyance until June 30, 2010.

b) Model City filed its initial brief on August 23, 2010. Florida Housing's Answer Brief was filed on October 8, 2010. Model City's Reply Brief will be due on or before October 29, 2010.

V. SINGLE FAMILY BONDS

A. Single Family Professional Development and Outreach

1. <u>Background/Present Situation</u>

a) Single Family Program Staff continues to teach a three hour, DBPR approved continuing education course offered through local Realtor boards since 2003. Our 2010 Realtor training calendar has been distributed to local Realtor associations throughout the state and we have conducted 11 courses throughout the state in 2010. Through class evaluations, we have learned that Realtors continue to find the course information useful for their prospective homebuyers, which should contribute to increased loan production. In September, Single Family Staff conducted the Realtor CE class in Lakeland (Polk County.) This was the first time that we were invited to conduct the class in that county. Prior to the afternoon class, Single Family Staff participated on a panel discussion at an Affordable Housing Summit held in Orlando. The event was sponsored by Bank of America Home Loans, our #1 producing lender partner. The event was well attended by over 50 local Realtors and it provided us with an opportunity to address questions regarding affordable housing resources while promoting our FTHB Program. By scheduling and attending multiple events, we are able to minimize travel related costs while continuing to build and maintain relationships with our Realtor and lender partners.

b) The Single Family Program Staff, in conjunction with our Master Servicer, US Bank, and the program compliance team at eHousing, continues planning for new lender trainings. These quarterly training sessions are conducted via a teleconference format, WebEx. The WebEx format allows lenders from offices around the state, along with some out of state support centers, to dial in via conference call and participate in an interactive computer based training session. We conduct two 3 hour classes which accommodates up to 300 registered participants in each session. The morning session is for loan officers and processors while the afternoon session is for underwriters, closers, shippers, and funders. By tailoring each class for the intended working group, we find that we are able to provide more useful and job specific information. Our next Lender Training will be held in November.

c) In our ongoing efforts to strengthen and grow our lender partner relationships, Single Family Program Staff is continuing to evaluate processes and systems within Florida Housing Finance Corporation, eHousing and US Bank to determine areas which need improvement. Single Family staff will continue to incorporate necessary, allowable changes while offering improved education and training to our valued lender partners with an increased focus on individual loan officers. Our focus includes issues that may delay loan delivery and purchase such as the recent changes to the Real Estate Settlement Procedures Act (RESPA), the continued focus FHA has placed on originating lenders. As part of this effort, we introduced a new loan reservation system on July 12th, 2010. This new system provides our lender partners and Florida Housing Program Staff a much broader reporting and data gathering capability. Our improved ability to monitor our loan pipeline will aid in identifying market trends and delays in loan delivery so that we may continue making necessary Program changes when needed to better serve our lender partners.

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d) Florida Housing continues to sponsor a toll-free telephone line (800-814-HOME) for first time homebuyers to call for information about our program. For the month of July, we received 657 total calls; of which 310 were transferred to the Single Family Staff. For the month of August, we received 679 total calls; of which 298 were transferred to the Single Family Staff. The remaining callers that were not transferred to the Single Family Staff were able to receive information for accessing our First Time Homebuyer Wizard tool which is located on our website. We continue to closely monitor these calls to evaluate the best way to efficiently handle the call volume in the long term.

B. Single Family Bonds Information (Exhibit A)

VI. SPECIAL ASSETS

A. In Re: South Springs

1. Background

a) South Springs ("the Development") d/b/a North Florida Educational Development Company ("Borrower") was intended to be an affordable development built on 92.26 acres of land located in Gadsden County, Florida that was financed with $410,573.21 from the Predevelopment Loan Program (PLP).

b) On June 20, 2003 the Board granted a one-year extension of the loan term for completion of predevelopment activities and for pursuit of construction financing.

c) The PLP loan matured on May 19, 2004, and since then Florida Housing has been working diligently with the Borrower in its efforts to secure financing to build affordable housing on said land.

d) To preserve our rights to enforce our lien and avoid the statute of limitations, FHFC proceeded with a foreclosure action on May 1, 2009.

e) On June 24, 2009, FHFC filed a motion for summary final judgment for foreclosure and taxation of costs.

f) On January 12, 2010, FHFC was the successful bidder at the foreclosure sale. The development was transferred to FHFC III, Inc. on June 17, 2010.

g) On February 23, 2010, FHFC received an offer from a potential purchaser for 20 acres of the plot. On April 30, 2010, FHFC's Board of Directors approved the sale of the 20 acres to this purchaser at a price equal to the per acre tax assessed value.

2. Present Situation

FHFC offered to sell 20 acres of the development to the purchaser for $72,000.00. The offer was accepted and the Purchase and Sale Agreement was executed on June 30, 2010. On September 24, 2010, the closing took place.